

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF WEST VIRGINIA**

IN RE:

)	CHAPTER 11
FREEDOM INDUSTRIES, INC.,)	
)	CASE NO. 2:14-bk-20017
DEBTOR.)	
_____)	JUDGE PEARSON

**SECOND INTERIM ORDER AUTHORIZING
DEBTOR-IN-POSSESSION FINANCING**

THIS MATTER originally came before the Court upon the *Emergency Motion for Interim and Final Order Authorizing Debtor-in-Possession Financing* (the “Financing Motion”)¹ [Docket No. 3] filed by Freedom Industries, Inc. (“Debtor”), as debtor and debtor-in-possession seeking, *inter alia*, pursuant to Sections 105, 361, 362(a), 364(c)(1), 364(c)(2) and 364(c)(3) of Title 11 of the United States Code (the “Bankruptcy Code”), and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

1. This Court entered a certain Corrected Interim Agreed Order Authorizing Debtor-in-Possession Financing on January 28, 2014 [Docket No. 96] (the “Interim Financing Order”).

¹ Capitalized terms not specifically defined herein shall have the meaning ascribed to them in the DIP Agreement and in the Interim Financing Order.

2. Pursuant to the Interim Financing Order, the Lender advanced (the “Initial Draw”) \$3,000,000.00 (the “Initial Draw Proceeds”) to the Debtor under the DIP Facility.

3. Notwithstanding the Initial Draw, the Initial Draw Proceeds have not been used by Debtor and the Initial Draw Proceeds will not be used by the Debtor during the term of this Second Interim Order.

4. Subject to the rights of the Committee set forth below, the Initial Draw Proceeds were advanced by the Lender to the Debtor and are being held by the Debtor pursuant to the terms of the Interim Financing Order.

5. During the term of this Second Interim Order, the Debtor shall be authorized to use the funds generated from the operation of the business of the Debtor pursuant to the terms of the Budget, which Budget has been approved by the Committee and the Lender. A copy of the Budget is attached hereto and incorporated herein as Exhibit A.

6. During the period covered by this Second Interim Order, the Lender, without waiving its rights, agrees that it shall not declare or otherwise claim that an event of default exists under the Interim Financing Order or the DIP Agreement by reason of the failure of the Debtor to comply with the terms and conditions of the Interim Financing Order and/or the DIP Agreement. Notwithstanding the foregoing, it shall be an event of default under this Second Interim Order if the Debtor uses the Initial Draw Proceeds during the term of this Second Interim Order.

7. All rights of the Committee to object to the Financing Motion, the terms of the Interim Financing Order, any final order proposed by the Debtor to be entered in connection with the Financing Motion and the DIP Agreement, including but not limited to, the right to object to any and all of the findings of this Court set forth in the Interim Financing Order and each of the

provisions of this Court set forth in the Interim Financing Order are hereby preserved solely for the benefit of the Committee.

8. The Debtor's counsel shall serve this Second Interim Order on all of the following parties: (a) the Office of the United States Trustee; (b) the attorneys for Lender; (c) the attorneys for the Committee; (d) all creditors known to the Debtor who have or may assert liens against the Debtor's assets; (e) the United States Internal Revenue Service; (f) the holders of the twenty (20) largest general unsecured claims and (g) all parties in interest who have filed a notice of appearance or upon whom service must be effected under the Federal Rules of Bankruptcy Procedure or the Local Rules of the Southern District of West Virginia.

9. Any notice, objection, report, or other document required to be given hereunder shall be deemed given upon its filing with the clerk of the Bankruptcy Court and its deposit in the United States mail, postage pre-paid, and addressed as follows:

If to Lender:

WV Funding LLC
c/o Phillips, Gardill, Kaiser & Altmeyer,
PLLC
61 Fourteenth Street
Wheeling, WV 26003
ATTN: Denise Knouse-Snyder
Email: denisesnyder@pgka.com
Charles J. Kaiser, Jr.
Email: cjkaiser@pgka.com

If to the Debtor:

Freedom Industries, Inc
c/o Gary Southern
1015 Barlow Drive
Charleston, WV 25311
Email: gsouthern@freedom-industries.com

with a copy to:

Mark E. Freedlander
Michael J. Roeschenthaler
McGuireWoods LLP
625 Liberty Avenue, 23rd Floor
Pittsburgh, PA 15222
Email: mfreedlander@mcguirewoods.com
mroeschenthaler@mcguirewoods.com

and copy to:

Ronald E. Gold
Donald L. Lutz
Frost Brown Todd LLC
3300 Great American Tower
301 East 4th Street
Cincinnati, OH 45202
Email:
rgold@fbtlaw.com
dlutz@fbtlaw.com

10. This Second Interim Order, shall be effective upon entry of this Second Interim Order through and including March 18, 2014 (the “Expiration Date”).

11. Nothing in this Second Interim Order shall relieve the Debtor of any obligations under federal, state or local police or regulatory laws or under 28 U.S.C. § 959(b). Nothing in this Second Interim Order or the DIP Agreement or the Loan Documents shall impair or adversely affect any claim of any governmental unit with respect to any insurance proceeds for liabilities under environmental laws to the extent not permitted by applicable law. As to the United States, any State or municipality and any of the foregoing’s respective agencies, departments or agents, nothing in this Second Interim Order or the DIP Documents shall discharge, release or otherwise preclude any valid right of setoff or recoupment that any such entity may have. Nothing in this Second Interim Order or the DIP Agreement or the Loan Documents impairs or adversely affects any right of a governmental unit under financial assurance instruments provided by the Debtor to comply with non-bankruptcy law. Except as provided above, all rights and defenses of the Debtor, its bankruptcy estate, and the Committee with respect to the foregoing reservations are reserved.

12. A FINAL HEARING ON THE FINANCING MOTION WILL BE HELD ON MARCH [], 2014 AT [X:XX] __.M. (EST) ANY OBJECTIONS TO THE FINANCING

MOTION OR ENTRY OF THE FINAL ORDER MUST BE FILED WITH THIS COURT AND SERVED ON: (I) COUNSEL TO THE DEBTOR; (II) COUNSEL TO THE LENDER, (III) COUNSEL TO THE COMMITTEE; (IV) ALL PARTIES HAVING ENTERED AN APPEARANCE OF RECORD AND REQUESTED NOTICE; AND (V) THE UNITED STATES TRUSTEE, ON OR BEFORE MARCH [], 2014 AT 5:00 P.M. (EST).

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